



El Toro Project Area

Updated 2004-05 Five-Year Implementation Plan

FINAL – December 2004

Updated as of Midterm Review on December 4, 2007

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Five-Year Implementation Plan
El Toro Project Area

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Introduction

This document is the updated Five-Year Implementation Plan ("Implementation Plan") for the El Toro Project Area ("Project Area") of the Lake Forest Redevelopment Agency ("Agency"). This Implementation Plan presents the Agency's goals and objectives, anticipated projects, programs, and estimated expenditures for the five-year planning period beginning in fiscal year 2004-05 and terminating at the end of fiscal year 2008-09. This is the second Implementation Plan prepared and adopted by the Agency; the former was adopted in 1999. Prior to 1999, the Project Area was under the jurisdiction of the Orange County Development Agency ("OCDA"), who adopted the Project Area's first Implementation Plan in 1994. A map depicting the boundaries of the Project Area is presented in Exhibit A.

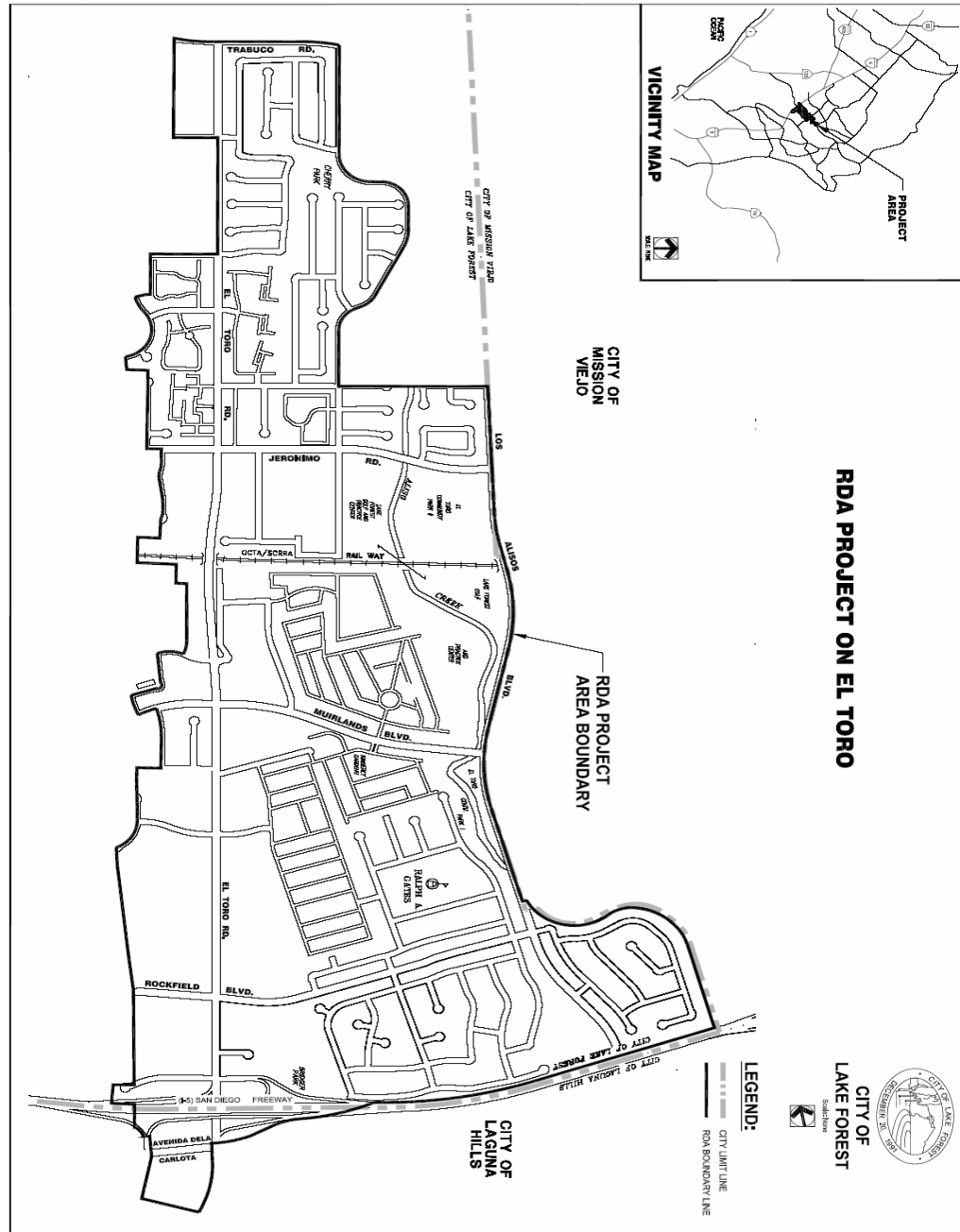
Contents of the Implementation Plan

Section 33490 of the California Community Redevelopment Law, Health and Safety Code Section 33000 et seq. ("CRL"), requires this Implementation Plan to include the following:

- Specific Agency goals and objectives for the Project Area;
- Specific programs, potential projects, and estimated expenditures proposed by the Agency over the next five years, and;
- An explanation of how Agency goals, objectives, programs, and expenditures will eliminate blight within the Project Area and improve and increase the supply of housing affordable to very low, low, and moderate-income households.

The CRL also requires that this Implementation Plan address the Agency's affordable housing production, replacement housing needs and achievements. These items are specifically addressed in the Ten-Year Affordable Housing Compliance Plan, attached hereto as Appendix "A".

Exhibit A- Project Area Map



Adoption of Implementation Plan Not a "Project" Under CEQA

Pursuant to CRL Section 33490 (a)(1)(B), adoption of this implementation plan does not constitute a project within the meaning of Section 21000 of the Public Resources Code (the "California Environmental Quality Act" [CEQA]). Further, adoption of this Implementation Plan does not constitute an approval of any specific program, project, or expenditure therefore inclusion in this Implementation Plan does not eliminate the potential required review pursuant to CEQA at the time of approval of the program, project, or expenditure, to the extent that it would be otherwise required.

Background

The Project Area is located in southern Orange County and is predominantly within the City of Lake Forest; however, a portion of the Project Area located in the City of Laguna Hills. The Project Area is approximately 856 acres in size, and includes 3.3 miles of El Toro Road, extending from the I-5 Freeway northeast to Trabuco Road. A small portion of the Project Area (13 acres) is located on the south side of the I-5 Freeway within the City of Laguna Hills. The Project Area is generally bounded by El Toro Road on the north, Trabuco Road on the east, Los Alisos Boulevard, the Aliso Creek Channel, and Cherry Avenue on the south, and Interstate 5 freeway on the west.

On June 28, 1988, the Board of Supervisors of the County of Orange (the "Board of Supervisors") adopted Ordinance No. 3720, establishing a redevelopment plan, entitled the Development Plan ("NDAPP Plan") for the Orange County Neighborhood Development and Preservation Project Area (the "NDAPP Area").

At the time of adoption of the NDAPP Plan, the NDAPP Area was comprised of 14 separate and noncontiguous islands ("Subareas") located within unincorporated portions of the County of Orange ("County"). These Subareas were spread geographically across the County. Within the NDAPP Area, the subarea referred to as the "El Toro Project" fell substantially within an area of unincorporated County territory that is now the City of Lake Forest.

The County Board of Supervisors adopted Ordinance No. 3925 in 1994 amending the NDAPP Plan setting certain redevelopment plan limitation (applicable to the Project Area) to comply with Assembly Bill 1290.

In December of 1991, the City of Lake Forest incorporated as a new city under the general laws of the State of California. On September 5, 1995, the City Council of the City of Lake Forest ("City Council") established the Lake Forest Redevelopment Agency by adopting Ordinance No. 60. The purpose of establishing the Agency was to enable the City to gain control (from the County) of the El Toro Project Area, thereby allowing the City and Agency to facilitate the planning, re-planning and revitalization of this area.

In May of 1996, pursuant to Section 33213 of the CRL, the Agency and the City of Laguna Hills entered into an agreement authorizing the Agency to redevelop the Laguna Hills portion of the El Toro Project Area. On June 30, 1998, pursuant to Sections 33213 and 33216 of the CRL, the Agency and the County entered into an agreement transferring the jurisdiction of the El Toro Project Area, a subarea of the NDAPP, from the County to the Agency. Since that time the Project Area has been under the jurisdiction of the Lake Forest Redevelopment Agency.

Plan Limitations

The updated El Toro Redevelopment Plan (“Redevelopment Plan”) limits are summarized in Table 1 below. The City Council and the Agency have cooperated in amending the Redevelopment Plan for the El Toro Project Area twice during the Review Period. The first amendment, adopted pursuant to Senate Bill 1045 (CRL Section 33681.9), extended the term of effectiveness of the Redevelopment Plan and the Project Area’s time period to receive tax increment by one year as a result of making the Educational Revenue Augmentation Fund (“ERAF”) payment for fiscal year 2003-04. This action extended the Redevelopment Plan’s effectiveness to June 28, 2029 and the time period limit to receive tax increment until June 28, 2039.

Pursuant to Senate Bill 211 (CRL Section 33333.6(e)(2)) the City Council and Agency again cooperated by amending the Redevelopment Plan to eliminate the Project Area’s time limit to incur debt. Adoption of the Senate Bill 211 provided greater financial flexibility to ensure the Agency can work to achieve its goals over the life of the Plan. These limitations affect the Agency’s ability to incur debt, undertake Plan activities and collect tax increment revenues

TABLE 1	
El Toro Redevelopment Plan Limits	
Date of Adoption	June 28, 1988
Term of Effectiveness/ ¹	June 28, 2029
Time Period to Incur Debt/ ²	Eliminated
Time Period to Collect Tax Increment/ ¹	June 28, 2039
Tax Increment Cap	\$550,000,000
Outstanding Bonded Debt Limit	\$175,000,000
¹ /1 Changed pursuant to SB 1045	
² /2 Changed pursuant to SB 211 Amendment	

Major Accomplishments

- Establishment of Lake Forest Redevelopment Agency and the acquisition of El Toro Project Area from the County of Orange
- Adoption of a Revitalization Visioning Document for the Project Area
- Adoption of Design Guidelines for the Project Area
- Adoption and implementation of the Redevelopment Plan Conformance Procedures
- Adoption of the “Arbor” as the logo for the Project Area’s commercial corridor
- El Toro Road Traffic and Landscape and Improvement Project - Planning, Design and Public Information Program; selection of right-of-way option, acquisition of required right-of-way, bidding and selection of contractor and initiation of construction

- Undergrounding of utilities along Rockfield Boulevard
- Funding and installation of needed storm drains in the Project Area and in areas within the City that results in a benefit to the Project Area
- Executed Exclusive Negotiation Agreement with Westrust to facilitate redevelopment of Saddleback Valley Shopping Center.
- Initiation of Interconnect Program for increased access among the commercial properties along El Toro Road. Two agreements for reciprocal access; 1) Makena property with adjoining Shops at Lake Forest and 2) the Westwood and Whisler properties have been executed between property owners and the City. Additionally, two reciprocal access interconnects have been provided through conditions of approval for 1) The Orchard Project – requiring access between Westrust, the El Toro Branch Library and Prothero properties, and 2) Orange County Fire Authority El Toro Road Fire Station No. 19 reciprocal access with the adjoining property. As of the Midterm Review on December 4, 2007, interconnect agreements have continued in the Project Area. The Agency has also negotiated traffic signal reimbursement agreements with the respective developers, during Fiscal Year 06/07, for the Orchard at Saddleback and Home Depot Office/Retail centers located in the Arbor. The Agency provided a reimbursement to the developer for the Home Depot Office/Retail Center in FY 06/07 and reimbursed the developer for the Orchard at Saddleback in FY 07/08. These signals facilitate access in the Project Area and connect commercial properties. The Agency also conditioned the Prothero development and Orchard development to provide reciprocal vehicular access that fully connects both centers to Rockfield Boulevard and Raymond Way.
- Negotiated, approved and implemented an affordable housing agreement with Trammel Crow Residential to provide six new affordable rental housing units in the City of Lake Forest. Pursuant to the Agreement the four (4) one-bedroom units are restricted for and will remain affordable to low income persons or families and two (2) one-bedroom units are restricted for and will remain affordable to moderate income persons or families. All six units will remain affordable for a 15 year period and will be monitored by the Agency annually.

Blighting Conditions

Section 33490 of the CRL provides that the Implementation Plan must include an explanation of how the goals, objectives, programs, and expenditures enumerated in the Implementation Plan will eliminate blight within the Project Area and implement the requirements of the CRL. According to the 1988 Report to the Board of Supervisors documenting the conditions in the Project Area at the time of adoption, the following updated blighting conditions were detailed as present and prevalent:

Blighting Conditions

- Deficient, deteriorated and dilapidated structures;
- Defective design and physical construction;
- Faulty exterior spacing;
- The laying out of lots in disregard of the contours and other topography or physical characteristics of the ground and surrounding communities;
- The existence of inadequate public improvements; and
- Residential land uses mixed with commercial and industrial uses not suitable for a safe and healthful residential environment and business community.
- Subdivision and sale of lots or parcels of irregular form/shape and inadequate size for proper usefulness and development.¹

Efforts to eliminate blight throughout the Project Area have been partially successful, however, many of these blighting conditions continue to exist and need to be eliminated within the Project Area.

Goals and Objectives of this Five-Year Plan

The following are the updated Goals and Objectives as of the Mid-Term Review on December 4, 2007. These Goals and Objectives have been developed to address the adverse and blighting conditions present in the Project Area in an attempt to ensure that the projects and programs identified in this Plan effectively utilize the Agency's resources to eliminate said blighting conditions.

1. **Improve Public Infrastructure and Encourage Private Sector Investment.** Provide a broad range of public infrastructure improvements to induce private investment in the Project Area. Improve Public Infrastructure and Public Facilities within Project Area that are needed to facilitate redevelopment of the Project Area.
2. **Address Traffic Circulation and Parking Deficiencies.** Facilitate access for traffic flow between the commercial properties located along El Toro Road, by furthering the interconnecting (interconnection) of driveways between commercial centers. Additionally, improve traffic circulation and streetscapes through the reconstruction and improvement of existing streets in the Project Area.
3. **Facilitate Revitalization Of Blighted Parcels.** Address blighted property by providing revitalization and rehabilitation programs.

¹ This condition was identified in the Report to the Board but was not listed in the Implementation Plan. It was included as part of the December 4, 2007 Mid-Term Review, given the direct relationship between blight and ineffective subdivision of property.

4. **Improve Community Safety.** Enhance public safety and welfare by providing improved community service and/or facilities.
5. **Develop Commercial Opportunities.** Promote the preservation, improvement and expansion of commercial land uses within the Project Area. Promote new commercial development in the Project Area.
6. **Expand Resources for Land Development.** Remove economic impediments to new development in areas not properly subdivided through the consolidation of existing parcels. Encourage centralized commercial development, while recognizing that small, irregular sized parcels and fractured ownership often hinders revitalization and the full utilization of properties, and becomes much more difficult to meet modern site design standards.
7. **Increase and Improve the Community's Supply Of Affordable Housing.** Preserve, improve and expand housing opportunities for low and moderate-income residents.
8. **Develop and Enact Zoning Overlay-Arbor District.** Study and provide specific recommendations for a zoning overlay district to provide enhanced zoning and development standards in the Arbor.
9. **Study Land Use and Development Opportunities in the Light Industrial Area.** Study and provide specific recommendations to encourage private sector investment and promote the revitalization of the Light Industrial Area.
10. **Diversify and Expand Economic Base and Employment Opportunities.** Expand economic base and employment opportunities within the Project Area as well as encourage Private Sector Investments.

Anticipated Planning Period Projects and Programs

The following summary matrices for the Project Area describe the proposed non-housing programs and projects planned for the next five years. The matrices describe each proposed program, gives the projected time frame for implementation, identifies Agency goal's to be achieved, and identifies the blighting conditions the program will address. Plan projected program expenditures are based on projected tax increment revenue expected for FY 2004-05 to FY 2008-09 as shown in Table 2 on page 17 of this report.

Greater or lesser funding may be available during this time period, depending upon changes of assessed valuation in the Project Area, and actions by the State that take redevelopment funds from the Agency. For this reason, the Agency has conservatively estimated expenditures and implementation activities. In the event that more funds are available to the Agency during the planning period, additional projects may be undertaken. Should State actions interfere with and decrease

the level of Project Area funding, the Agency may be forced to pursue fewer projects.

As part of the Mid-Term Review on December 4, 2007, the matrices summarizing the non-housing projects were updated. Two new columns were added: one that provides the status of the project and one that updates the actual expenditures to date. In addition, the Agency added a new non-housing project, which is included in the adopted budget for Fiscal Year 2007/08 and was not planned or approved at the time the Implementation Plan was approved in 2004. The project is the preparation of a Comprehensive Redevelopment Strategy for El Toro Road. This program will involve a comprehensive evaluation of the opportunities and constraints of achieving additional redevelopment and revitalization along El Toro Road. The goal is to explore options for working cooperatively with property owners to facilitate additional revitalization to build on the success of the recently completed Orchard and Home Depot projects and continue the vision of the El Toro Road Commercial Corridor Revitalization and Revisioning Strategy. The scope of the evaluation is currently being developed and will be presented to the Agency Board for review in Fiscal Year 2007/2008.

In addition to this new project, the project description for the OCTA Parcel has been refined to reflect the current status of the project. As noted in the matrix, an Exclusive Negotiating Agreement (ENA) is being prepared. The ENA will allow the Agency to work with the property owners adjacent to the OCTA parcel to explore development options for the site, including the option of expanding the adjacent multi-family residential development onto the OCTA Parcel. At this time, it is not known if a senior center will be a part of the project. Consequently, it is not known if the \$185,000 of non-housing Agency dollars will be spent on the project. Staff hopes to present the ENA for the Agency's Board's consideration in January 2008.

***New Columns**

Redevelopment (Non-housing) Programs

Project/Description	Year	Plan Projected Expend.'s	Actual Agency Expend.'s as of FY 06/07	Blight Eliminated	Goals Achieved	Status as of Midterm Review
El Toro Road & Landscaping Improvements/1 Engineering design services, acquisition of right-of-way and construction of a .83 mile segment of El Toro Road from I-5 to Muirlands Boulevard. The project will construct additional through lanes on both sides of El Toro Road and will construct intersections that are improved to handle greater turning volumes. The project includes construction of new landscaped medians that meld with the improved left-turn pockets and landscaped parkways that are compatible with pedestrian improvements. Project will reduce congestion by constructing consolidated access points to adjacent commercial properties and will construct a traffic signal coordination system for El Toro Road.	2004/05-08/09	\$2,751,549	1,539,627.19	Lack of Landscaping and enhanced pedestrian access; conflicting traffic flows; proliferation of traffic patterns that cause stop and start vehicular flows with negative traffic impacts	1, 2, 6	The project has been completed. It included the widening of El Toro Road to provide additional traffic lanes, improved intersections with auxiliary turn lanes, interconnecting traffic signals to move traffic in a coordinated manner and improved access between commercial properties. The project also improved the aesthetic character of El Toro Road with Arbor Structures, pedestrian seating niches and new landscaping
Arbor Interconnect Project/2 As part of Lake Forest's efforts to attract shoppers and improve access to El Toro Road businesses, the Agency is encouraging property owners to build interconnect driveways between shopping centers along El Toro Road. Potential sites for the driveway interconnect concept include the following centers: Twin Peaks Plaza and Bell Tower South; Twin Peaks Plaza and former K-Mart shopping center; Lake Forest Marketplace and Washington Mutual Plaza; El Toro Square and The Shops at Lake Forest; the new Orchards Shopping Center and El Toro Branch Library. The Agency staff has implemented a program to contact property owners and tenants to discuss the importance of creating improved access between the centers. The interconnections will allow shoppers to travel from one center to another without experiencing the inconvenience and traffic that occurs when entering and exiting busy El Toro Road.	2004/05-08/09	\$250,000	\$95,698.61 (reimbursed to Home Depot developer in FY 06/07 in the amount of \$95,698.61 . The Orchard reimbursement occurred during FY 07/08 in the amount of \$86,554.02)	Faulty Exterior Spacing; Lots Inconsistent with Topography and Physical Characteristics of Site	2, 5, 3	As of the Midterm Review, Interconnect agreements have continued in the Project Area. The Agency has also negotiated traffic signal reimbursement agreements with the respective developers, during Fiscal Year 06/07, for the Orchard at Saddleback and Home Depot Office/Retail centers located in the Arbor. The Agency provided a reimbursement to the developer for the Home Depot Office/Retail Center in FY 06/07 and reimbursed the developer for the Orchard at Saddleback in FY 07/08. These signals facilitate access in the Project Area and connect commercial properties. The Agency also conditioned the Prothero development and Orchard development to provide reciprocal vehicular access that fully connects both centers to Rockfield Boulevard and Raymond Way.

/1This amount represents the Agency's five-year reimbursement payments to the debt service on the Certificates of Participation issued by the City in 2004.

/2 This amount covers the purchase of the easement into the properties to be connected and the actual construction of the connecting driveways

* The columns above were added to reflect the updates and adjustments made as of the Mid-Term Review on December 4, 2007

***New Columns**

Project/Description	Year	Plan Projected Expend.'s	Actual Agency Expend.'s as of FY 06/07	Blight Eliminated	Goals Achieved	Status as of Midterm Review
Rockfield Wall Rehabilitation Provide improvements to the perimeter walls on Rockfield Boulevard from Ridge Route Drive to Los Alisos Boulevard, the north side of Los Alisos Boulevard, both east and west of Rockfield Boulevard.	2004-05	\$332,300	\$220,149	Deficient, Deteriorated and Dilapidated Structures; Defective Design and Construction	3, 7, 8	Project has been completed. It included textured coating to the wall along Rockfield Boulevard and painting of all wall extensions. The project improved the streetscape and contributed to neighborhood preservation.
Rockfield Streetscape Improvements Construction of a raised landscaped median island on Rockfield, between Los Alisos and Centre Drive.	2004/05-06/07	\$1,300,000	\$0	Inadequate Public Improvements	1, 5, 8	The project is currently in the design phase. Phase 1 work will be between Los Alisos and El Toro Road. Improvements will include construction of a landscape median and parkway landscape improvements. The conceptual designs propose narrowing Rockfield to a two lane road. The designs will be presented for Planning Commission approval in December 2007. No RDA funds have been spent. The Agency may consider, as part of a future budget, contributing RDA non-housing funds to the project.
El Toro Road & Landscaping Improvements (Muirlands to Jeronimo) Plan and construct median and landscape improvements along El Toro Road from Muirlands to Jeronimo. Utilize landscape theme developed for the Arbor as now being implemented in the road and landscape improvements now under construction - El Toro Road Freeway to Muirlands.	2005/06-07/08	Unknown at this time	\$0	Lack of Landscaping and enhanced pedestrian access; conflicting traffic flows	1, 2, 6	An RFP for design and outreach will be issued in 08/09 for landscaping with construction expected to begin in 09/10. There is the potential for RDA non-housing funds to contribute to the \$120,000 in design costs in 08/09.
Muirlands Raised Landscaped Medians Construction of a raised landscaped median island on Muirlands, between Los Alisos and Bake Parkway.	2004-05	\$100,000	\$0	Lack of Landscaping and enhanced pedestrian access; conflicting traffic flows	1, 2, 6	The project has not yet commenced. An RFP for design and potential outreach will be issued in FY 09/10. Staff anticipates that construction will begin in FY 10/11. No Agency funds have been spent to date. The Agency may consider, as part of a future budget, contributing RDA non-housing funds to the project.

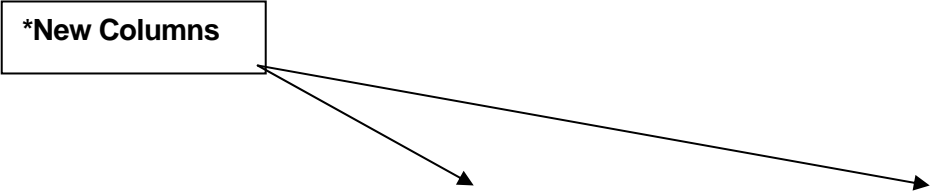
***New Columns**

Project/Description	Year	Plan Projected Expend.'s	Actual Agency Expend.'s as of FY 06/07	Blight Eliminated	Goals Achieved	Status as of Midterm Review
OCTA land purchase-non housing portion <p>The Agency has been working with OCTA to purchase and redevelop a vacant piece of property (formally a station location) adjacent to El Toro Road and the Rail-Right-of-way. It is intended that the majority of the site will be used for housing with a portion devoted to a senior center. The Redevelopment Fund will pay a proportionate share of the cost for the land devoted to the senior center if developed.</p>	2004-05	\$185,000	\$0	Defective Design and Construction; Residential mixed with Commercial and Industrial Land Uses; Lots Inconsistent with Topography and Physical Characteristics of Site	3, 4, 6, 7	The Agency recently closed escrow on the parcel. The parcel was purchased with CDBG funds. The Agency is currently evaluating the potential of exchanging Agency low-moderate income housing funds for the CDBG funds used to purchase the parcel in order to alleviate an excess surplus in the Housing Fund. The non-housing portion of this project was intended to fund a potential senior center on the parcel. Agency staff is preparing an Exclusive Negotiation Agreement to explore the potential development options in conjunction with adjacent property owners. At this time, it is not known if a senior center will be a part of the project. Consequently, it is not known if the \$185,000 of non-housing Agency dollars will be spent on this project.
El Toro Road Façade & Sign Improvement Program <p>Agency staff will work with property owners, master leaseholders and businesses along El Toro Road to provide and incentive program to upgrade the Facades of existing commercial structures and introduce new an effective signage.</p>	2004/05-08/09	\$250,000	\$0	Deficient, Deteriorated and Dilapidated Structures; Defective Design and Construction; Inadequate Public Improvements	3, 5, 8	The Agency's adopted FY 07/08 budget includes augmented Agency funding for this program. Staff is currently preparing new program guidelines that will be presented to the Agency Board. The goal is to make it more attractive for property owners to participate and thereby promote the upgrading of blighted commercial buildings, bring non-conforming building elements into conformance with City codes, and provide a mechanism for business revitalization. It will promote the revitalization of commercial buildings within the redevelopment project area and CDBG target area. No Agency funds have been spent to date.
Develop and Enact Arbor District Zoning Overlay <p>Agency and Development Services staff, City Attorney and consultants will conduct study to develop specific zoning overlay district to implement the design guidelines and the Arbor theme. Once draft Ordinance is developed Agency staff will work to inform and gather comments from property owners, master leaseholders and businesses along El Toro Road. The purpose of the Overlay is to ensure that any alternations or new development within the commercial core area meets the standards of the Arbor theme.</p>	2004/05	Included in O & A Costs	Included in O & A Costs	Deficient, Deteriorated and Dilapidated Structures; Defective Design and Construction; Inadequate Public Improvements	3, 5, 8	The development of augmented zoning within the Project Area continues to be a priority. The goal is to develop an overlay that will enhance the Arbor theme and achieve the vision of the Design Guidelines. A draft overlay has been completed. The draft has been sent to the developer of the recently completed Orchard at Saddleback to receive initial comments and suggestions. Staff also plans to solicit comments from other key property owners within the Project Area prior to presenting a refined draft for the Agency Board's consideration.

***New Columns**

Project/Description	Year	Plan Projected Expend.'s	Actual Agency Expend.'s as of FY 06/07	Blight Eliminated	Goals Achieved	Status as of Midterm Review
Facilitate Development of a Business Improvement District for the Arbor Agency staff, City Attorney and consultants will conduct necessary work to develop a proposal for the establishment of a Business Improvement District for the Arbor for City Council review. The purpose of the District would be to assist merchants with group advertising and possibly fund upkeep of new landscape improvements along El Toro Road. Once a workable proposal has been developed Agency staff will work to inform and gather comments from property owners, master leaseholders and businesses along El Toro Road.	2004/05-05/06	Included in O & A Costs	Included in O & A Costs	Deficient, Deteriorated and Dilapidated Structures; Defective Design and Construction; Inadequate Public Improvements	3, 5, 8	The primary purpose of this goal was to promote and market the Arbor on El Toro as a premier shopping and dining destination. The Agency recently retained a marketing consultant who is working to, among other things, market and "brand" the Arbor. Potential program options include special events, print advertisements, and multi-media venues. Once established, staff intends to work with the Agency Board and property owners to explore the potential of a business improvement district to sustain the marketing and branding program.
Develop and Enact Zoning Overlay for Light Industrial Area Agency and Development Services staff, City Attorney and consultants will conduct a study to identify area needs and develop specific zoning overlay district to address needs of Light Industrial Area.	2004/05-08/09	Included in O & A Costs	Included in O & A Costs	Deficient, Deteriorated and Dilapidated Structures; Defective Design and Construction; Inadequate Public Improvements	3, 5, 8	Agency and Development Services staff are working cooperatively to evaluate opportunities and constraints in the Light Industrial Area. The effort is not exclusively focused on the potential of a zoning overlay. Consequently, the goal associated with this item has been modified to reflect a broader examination of opportunities and options for encouraging private investment and promoting revitalization. These efforts are on-going and are expected to culminate in Fiscal Year 2007/2008. Agency funds have been appropriated in FY 2007/08 for minor curb, gutter and sidewalk improvements in the area, and to fund potential additional studies and environmental analyses.

***New Columns**



Project/Description	Year	Plan Projected Expend.'s	Actual Agency Expend.'s as of FY 06/07	Blight Eliminated	Goals Achieved	Status as of Midterm Review
O & A, ERAF, Taxing Agency & Laguna Hills Payments Annual funding of ongoing operations and redevelopment activities will continue over the next five years. Contractual payments to the Project Area Taxing Agencies will be made over the next five years as well as payments to the Educational Revenue Augmentation Fund ("ERAF"). Additionally payments of Laguna Hills portion of tax increment revenues will be funded.	2004/05-08/09	\$11,946,607	\$5,141,028	NA	NA	Cost for Agency O & A has been lower than expected, no ERAF payment was required for 05/06 and pass-through payments exceeded projected amounts due to overall increase in annual tax increment revenues
El Toro Frontage Road Storm Drain Provide storm drain improvements along the entire length of El Toro Road Frontage Road.	2002/03	\$280,000	\$425,670	Inadequate Public Improvements	1	The reimbursement agreement between the City and Agency was approved in November 2002. The agreement allowed the Agency to reimburse the City over a period of 10 years. Reimbursement was concluded in FY 06/07. A storm drain was constructed along the entire length of El Toro Frontage Road and a special inlet was installed to capture all of the water that leaves the railroad pipe. Additionally, four catch basins with drainage filters were installed along El Toro Frontage Road to intercept storm water from the street.
Total Cost		\$17,395,456	\$7,422,173			

Five-Year Budget

Table 2 presents an updated version of the five-year revenue/expenditure cash flow for the Redevelopment (Non-housing) Fund as of the Mid-Term Review on December 4, 2007. During the last three years assessed values have increased and therefore tax increment revenues from the Project Area have exceeded the 2004-05 Plan's revenue projections. Efforts to revitalize the El Toro Road Corridor have resulted in major increases in assessed values due to property sales, new development, and revitalization of existing commercial enterprises. Table A below summarizes the percentage growth in assessed value and tax increment revenue over the last three years.

TABLE A
LAKE FOREST REDEVELOPMENT AGENCY
El Toro Project Area Growth in Assessed Value and Revenues

Years	2006-07 to 07-08	2005-06 to 06-07	2004-05 to 05-06
Percentage Growth in Assessed Value Growth from Prior Year	6.51%	11.59%	8.87%
Percentage Growth in Gross Tax Increment Revenue (to Lake Forest) from Prior Year	16.27%	13.58%	29.99%

Provided on page 17 is an updated version of Table 2, which shows actual revenues through 2007-08 and actual expenditures through 2006-07. Increased revenues (over what was shown in the original table) is due to the rapid increase in tax increment as explained above. Additionally, expenditures for some projects have been delayed or reduced. Actual revenues and expenditures may differ from these forecasts and are therefore subject to change.

Projections of revenues and expenditures based on the assumptions delineated below:²

- Future tax increment revenues were projected based on a 2% increase in the secured assessed value plus new value projected from the completion of the Orchard Project. Unsecured assessed values are held constant at the 2007-08 value.
- Tax increment revenue projections include projected revenues from new development occurring within the Project Area.
- Interest earnings were estimated based on net revenues and beginning fund balances.
- Taxing agency payments from the redevelopment (non-housing) fund have been calculated pursuant to existing tax sharing agreements and payments pursuant to Section 33607.5 of the CRL.
- The table also lists new projects and programs that have been added for Fiscal Year 2007-08
- Personnel and Operations expenditures were based on the City budget and forecasts from the City Finance Department.
- Capital project costs were obtained from staff estimates.

² Tax increment projections were prepared by RSG based upon assessed valuation reports for 2007-08.

Five Year Cash Flow					UPDATED TABLE 2*	
Lake Forest Redevelopment Agency Redevelopment Fund Resources and Expenditures						
	Actual Revenues				Updated Projections	
	2004-05	2005-06	2006-07	2007-08	2008-09	Totals
Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	5-Years
Beginning Cash Balance	\$1,060,698	\$825,443	\$1,241,394	\$1,566,276	\$1,928,521	
Revenue						
TI Set-Aside Revenue/1/5	2,092,578	2,668,855	2,999,488	3,523,994	4,081,577	15,366,492
Land Sale Proceeds						
Loans	-	-	-	-	-	-
Loans for Infrastructure & Redev Activities		-				
Interest & Miscellaneous Income/2	39,465	66,069	193,581	33,283	40,981	373,379
Total Revenue	2,132,043	2,734,924	3,193,069	3,557,277	4,122,558	15,739,871
TOTAL AVAILABLE FUNDS	3,192,741	3,560,367	4,434,463	5,123,553	6,051,079	
Operations/Programs& Projects	Actual Expenditures			Updated Projections		
Program Operations & Administration/3	503,294	600,515	505,470	729,300	754,826	3,093,405
Additional Program Administrative Costs		157,122	62,551			219,673
Taxing Agency Payments & ERAF	1,059,437	984,470	1,126,863	1,311,838	1,491,313	5,973,922
El Toro Rd Improvements (Financing Costs-Bonds)	491,828	502,632	551,368	550,597	549,578	2,646,003
Loan Interest	25,796	40,839	62,888	58,000	58,000	245,523
Payment to Laguna Hills	73,644	29,984	37,678	40,743	41,815	223,864
Projects & Program Costs/4		3,411				3,411
Arbors Interconnect Project			95,699	86,554		182,253
Rockfield Wall	213,299					213,299
Storm Drain Construction El Toro Frontage Rd			425,670			
Rockfield Streetscape Improvements	-	-	-			-
El Toro Rd Improv. (Murilands to Jeronimo)	UNKNOWN AT THIS TIME					-
Murilands Raised Landscaped Median						-
OCTA Parcel Strategy	-			50,000		50,000
El Toro Rd Façade & Sign Improvement Program	0	0	0	150,000	150,000	300,000
Updated Programs & Projects						
Improvements to Light Industrial Area				118,000	232,000	350,000
Comprehensive Redev. Strategy for El Toro Rd				100,000		100,000
Total Operations & Programs	2,367,298	2,318,973	2,868,187	3,195,033	3,277,532	14,027,022
FUNDS REMAINING AT YEAR END	825,443	1,241,394	1,566,276	1,928,521	2,773,547	
Notes:						
1 Tax Increment projections per RSG-net of Housing and County Contribution						
2 Interest calculated using a 2.5% interest rate per annum applied to 85% of beginning year cash balance.						
3 Annual cost inflated by 3.5 % per annum						
4 Proposed new programs or projects						
5 Tax increment revenue projections include projected revenues from new development occurring within the Project Area						
* The Table has been updated as of the Mid-Term Review on December 4, 2007						

Administration of the Implementation Plan

As detailed in the Introduction of this Plan, the Agency is required to produce an Implementation Plan every five years. After adoption of the first Implementation Plan, a new plan is to be adopted every five years either in conjunction with the housing element cycle or the implementation plan cycle.

Implementation Plan Adoption Process

Each Implementation Plan must be presented and adopted at a duly notice public hearing of the Agency. Notice of the public hearing must be conducted pursuant to this Section 33490 of the CRL. The Notice must be published pursuant to Section 6063 of the Government Code, mailed at least three weeks in advance to all persons and agencies that have requested notice, and posted in at least four permanent places within the Project Area for a period of three weeks. Publication, mailing, and posting shall be completed not less than 10 days prior to the date set for hearing.

The Agency may amend the Implementation Plan at any time after conducting a public hearing on the proposed amendment.

Mid-Term Implementation Plan Review Process

At least once within the five-year term of this Implementation Plan, the Agency must conduct a public hearing and hear the testimony of all interested parties for the purpose of reviewing the redevelopment plan and the corresponding implementation for each redevelopment project. This hearing must take place no earlier than two years and no later than three years after the adoption of the Implementation Plan.

On December 4, 2007, pursuant to Section 33490 (c), the Agency conducted a public hearing to hear the testimony of all interested parties, regarding the Mid-Term Review of the Implementation Plan and Ten-Year Housing Compliance Plan. The Mid-Term Review was subsequently adopted by the City Council and all updates and adjustments that it contained are incorporated in this document.

Appendix A – Ten-Year Affordable Housing Compliance Plan